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SUBJECT: KEY NDP REFORM FIGURE DEEMS PARLIAMENTARY

ELECTIONS "MAJOR SETBACK" FOR REFORMERS.

Classified by ECPO Minister Counselor Michael Corbin for
reasons 1.4 (b) and (d).

Summary

¶11. (C) In our first discussion with leading NDP reformer Hossam Badrawi since he lost his run-off race for re-election to Parliament, Badrawi alleged he lost as a result of NDP corruption. He said that the parliamentary elections are a major setback to the reform wing of the ruling party. Badrawi argued that the "Old Guard" of the party--embodied by such men as Safwat El-Sherif, Kamal El-Shazly, and Zakaria Azmy--is ascendant. The success of the Old Guard and the Muslim Brotherhood, predicted Badrawi, has set up a looming parliamentary confrontation that the Old Guard will be hard-pressed to win. End summary.

How the Old Guard Eliminated a Reformer

¶12. (C) According to Badrawi, who met with poloff on November 23, the NDP Old Guard had long been gunning for him due to his outspoken support for reform within the party and government. (Note: Badrawi, a regular interlocutor for Embassy and visiting USG officials, has been a leading light in the reform wing of the NDP, both through his role as an active parliamentarian since 2000 and as a member of the Policies Committee chaired by Gamal Mubarak. End note.) Badrawi said that his loss, to Hisham Mustafa Khalil (son of former PM Moustafa Khalil), was assured by the fact that the two biggest voting blocs in the Qasr Al-Nil district of Cairo (including the Embassy's Garden City neighborhood) are controlled by stalwarts of the Old Guard. (Note: Khalil did not secure the NDP's nomination during the October 2005 candidate selection process. He briefly left the party to run as an "independent" against Badrawi, but he has indicated that he will rejoin the ruling party in the new parliament. End note.) Former Minister of Information, and current Secretary General of the Party Safwat El-Sherif relied on his

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nephew, who is in charge of the Television division of the Egyptian Radio and Television Union (ERTU), to deliver votes for Badrawi's opponent, Khalil. In addition, said Badrawi, Khalil's cousin is the director of Misr Insurance, the national insurance company, which is also located in Qasr Al-Nil. This cousin orchestrated mass voting by Misr Insurance employees for Khalil.

¶13. (C) Badrawi said that he planned to make no public comment until the end of the parliamentary elections. He said that he and other like-minded reformers needed to determine if there was still a place for them within the party, or if they should instead consider some sort of new political reform movement outside of the NDP to challenge the dominance of the Old Guard. Badrawi noted that breaking with the NDP, and with the "rules" of politics in Egypt, was not a decision he could take lightly. He said that the GOE's efforts against Ayman Nour were indicative of the backlash that such a move could provoke. Badrawi said that his wife is urging him to consider carefully if he wishes to challenge the NDP, "because they can hurt you, they can hurt your family, and they can ruin your business."

Whither the MB?

¶14. (C) Badrawi said that he did not think that the violence in Round Two of the elections on November 20 had resulted from a central, tactical decision. Rather, he said, the surprising MB victories in Round One had "crossed a redline" and unleashed a violent reaction at the governorate and constituency level as local party leaders realized that their perks and prerogatives were suddenly under serious threat. Badrawi said it was not clear that the GOE would be able to control this violent reaction of its cadres in the field, and

he worried that the runoff, scheduled for Saturday, November 26, "will be ugly."

15. (C) Badrawi predicted that the MB would win nearly 100 seats in the new Parliament. He said that he is deeply worried that the battle lines in the new Parliament will be almost entirely between the MB--who have campaigned largely as opponents of corruption and as potential providers of public services to frustrated voters--and the Old Guard of the NDP. The Old Guard, said Badrawi, is widely believed to be corrupt and unwilling to serve its constituents, except in exchange for bribes. As such, the Old Guard will be unable to counter the MB's arguments in Parliamentary debates. The result of this contest, said Badrawi, will be that the MB's electoral appeal will only increase in future.

16. (C) Badrawi, reprising an argument he has made to us previously, said that a key question in his mind about the MB is the degree to which the reformist wing of the organization might be able to prevail over the conservative older generation. Badrawi said that he thought some of the younger generation, like Abdel Moneim Abdul Fetouh (with whom Badrawi studied in medical school) and Essam El-Erian, were genuine in their commitment to democracy and political pluralism, but he worried that many others in the movement, including its most senior leaders, are only engaging in "taqiyya" (i.e., religiously permissible dissimulation) as they mouth their commitment to democracy, but instead plot to implement Sharia'.

What's Going on Here?

17. (C) Linking his own electoral defeat to the broader situation, Badrawi argued that Egypt is witnessing a backlash of the NDP's Old Guard, led by such figures as Sherif, Shazly, and Azmy, against the reformist wing of the party, led by Gamal Mubarak. According to Badrawi, "only an idiot" would try to deny the evidence that the Old Guard is behind this setback to reform. Badrawi said the Old Guard is motivated by money, power, and "the simple fact that they are used to controlling the situation." Gamal Mubarak and his reform project are now "injured," said Badrawi. In Badrawi's analysis, the Old Guard had not been displeased by the initial results of the parliamentary elections, since the MB gains presented a stark choice between the NDP's putative stability (and secularism) and the Islamism of the MB. Badrawi allowed that the Old Guard was nevertheless surprised by the depth of support for the MB, and that elements in the Old Guard were now worried that the newly-empowered MB may be more difficult to control than initially anticipated.

18. (C) Badrawi blamed the current situation on a combination of causes. Within the NDP, there had been "simple mismanagement" and lack of discipline that had allowed party members running as independents to challenge official party nominees. Badrawi further opined that as long as the Party maintained Old Guard figures like Sherif and Shazly in positions of power, their malign influence on reform would continue to be felt. Finally, said Badrawi, he placed part of the blame squarely on the presidency. Between President Mubarak's novel, albeit unsurprising, victory on September 7 and the start of the parliamentary elections, the President had squandered a major opportunity to lead change. Such new, fresh action might have had a major "coat-tails" effect for the NDP's official candidates, who included a number of reformists, along with Old Guard figures like Shazly, Azmy, and Housing Minister Soliman. Instead, Mubarak had lain low, and voters, who might have had hopes that the NDP really was changing, were left to face the familiar recipe of inaction and neglect by the party and the government.

A New Cabinet

19. (C) Badrawi also noted that he worried that the odds were diminishing that the new cabinet, likely to be named soon after the installation of the new Parliament on December 13, would include more reformers. Badrawi said that the limited and largely economic reforms of the Nazif cabinet desperately needed to be expanded in the next government. Nazif's small circles of reformers, including Trade Minister Rachid, Finance Minister Yusuf Boutros Ghali, and Investment Minister Mohieldin, need to be joined by more like-minded reformers in other ministries. As things stand currently, their reform aspirations are limited by Old Guard control of such key ministries as Housing, Supply, Military Production, Defense, and Interior. It is not possible, Badrawi argued, for there to be more thorough economic reform, and needed political reform, while these ministers remain in the control of the Old Guard.

Comment

110. (C) Badrawi is clearly shaken by his electoral loss, which colors his remarks, but as a key NDP advocate of reform, his analysis--that the NDP Old Guard and the MB are the only clear winners so far--bears serious consideration. As the rest of the parliamentary poll results emerge, it will be crucial to test the bleak hypothesis that Badrawi has presented. End comment.

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